"SATYA" dated 9—4—53

PREVENTING DRAIN ON NATIONAL WEALTH

On the second day of the session of the All-India Manufacturers' Association held at Nagpur on March 14th & 15th 1953, a resolution No. 5 relating to "incentive for investment and industrial development", was moved by Mr. Sakalchand Shah and seconded by Mr. Bandi Ganda.

Mr. G. D. Naidu of Coimbatore, supporting the resolution said:

(Not Verbatim)

Mr. President, Member-Delegates and Friends:

I am not bringing anything new into the resolution, nor seek a change or amendment to it. I am only repeating here a fifteen year old suggestion of our President Sir M. Visvesvaraya, with a little alteration, to suit present conditions.

I attended the recent annual meeting of the Federation of Indian Chambers of Commerce held at New Delhi, and there also, several suggestions, more or less, demanding financial help from the Government and reduction of various taxes, were put forth. Today, we too are asking here for reduction of taxes, and higher percentage of depreciation allowances, and this too, is a plea for tax-reduction, in a way. Now a days, demand for tax-reduction and financial help by the State for various schemes and industries, is freely made; but,

nowhere do we see any suggestions made regarding the sources of finance to meet such demands.

Even with the present level of taxation, we have no money to carry out atleast a portion of the Five-Year Plan. While the financial position is so bad, we cannot expect the Government to reduce taxes. It is not easy to effect tax-reduction unless and until alternative sources are tapped for fresh finance. In this connection, I may venture to give a suggestion, and if it is accepted by the Government, there will be a very large saving to our country. If the suggestion is taken up, whatever income that may accrue by that channel, to that limit, then, we can demand tax-reduction for developing our industries. First, I will explain how our national wealth is being drained away without our knowledge. I shall repeat here what I said at a Chamber of Commerce meeting in Coimbatore, sometime back.

> " We read in the papers last month that the Bombay Government, under the Colombo Plan, was getting 450 buses, 70 tractors, 60 trailers, and 835 trucks, in all 1415 vehicles. The total cost of the said scheme will be about

4½ million dollars; that means more than two crores and ten lakhs of rupees. Recently, we have exported enormous quantity of iron at the rate of Rs. 200 per ton to Japan. If we take 5000 tons at this rate, we might have received only ten lakhs of rupees. But, the 1415 vehicles weighing approximately 5000 tons is costing us more than two crores which is far higher than what we are getting from the iron portion.

"While we are suffering from unemployment, famine and very low wages for our labourers, we are paying such large amounts for foreign labour to manufacture this 5000 tons of iron into vehicles to be supplied to us. This does not end here. In addition to this, we have to pay crores of money for several years' for the parts and replacements for the same vehicles".

As mentioned by me in the same speech, I also recently read a newspaper article that 92 crores worth motor vehicles and parts were being imported here. Now, if this import is stopped for one year, and if we had invested

atleast half or even a quarter portion of the amount in a local automobile industry, we would have saved an enormous amount for the country, in addition to giving employment to numerous people. Right or wrong, Government has now permitted more than ten factories in this country for the mere assemblage of motor cars, of course with the ultimate object of gradually manufacturing the cars here. Now, the point is this. If so many factories started manufacturing cars, there cannot be enough buyers, and that means loss to the industry. In our country, the cars are not being as much made use of, and made to consume petrol, as lorries and buses. Instead of allowing so many assembling-factories for cars, the Government should really accord first preference for assemblage and manufacture of diesel lorries and buses. In the first ten years, we could change all the existing vehicles into diesel lorries and buses, which will save enormous expenditure in their consumption of petrol. Once the entire vehicles are replaced by diesel vehicles, some of those factories could be made to work on other lines. Even if they had to be scrapped, they shall not be a loss, because the quicker the change, the larger the savings we shall see in this country.

I have not with me the necessary statistics for the whole of India in this matter, but I can give, for example, the figures relating to the Madras State. There, we have at present more than 6000 buses and 10,000 lorries. Ordinarily, the buses and lorries, each consume 20 gallons of petrol a day, at an average. If all of them are changed to diesel-engine fitted vehicles, the quantity of diesel-oil consumed will be one-third less, and the costs will also be half of that now spent on petrol. Even allowing wastage and other depreciation for the extra-capital, the Madras State alone can save five to six crores a year. This way, for the whole of India, a very big amount can be saved. Hence, priority should be given for enough diesel factories to come up, in order to replace or change the petrol-driven vehicles immediately, there being no time to lose any further. For this purpose, there is no harm in our inviting foreign financial aid. A German firm is prepared to invest 80 lakhs of rupees as capital straightaway to start a diesel motor vehicle factory here, and British firms may also come forward to do likewise. In this connection, I have given a suggestion to the Minister of Transport in the Madras Government.

After many years' experience, the Government has come to know that so many concerns to manufacture cars will be uneconomical. Now, the Government is considering what to do, and how to do? In my opinion, there can be two or three small car factories and two or three factories to manufacture chassis for trucks, buses and tractors. Then, there may be two or three engine-manufacturers also, particularly for diesel engines. Apart from these, there may be several factories for manufacturing various parts and equipments such as carborators, generators, starters, wheels, steering-gears, front-axles, rear-axles, springs, frames, gear-boxes, crank-shafts, water-pumps, pins and bushes, bolts and nuts and other miscellaneous parts. For each of these items, two or three factories may be allowed. Amongst the small car factories, each factory must produce only one type of car, and all the three factories must have standard equipments, inter-changeable for all the three-makes of cars, except the body and other extra accessories. The chassis manufacturing factories should be only two. Here also, the same standard part interchangeability (except for bodies) must be adopted. One factory must produce complete diesel vehicle with standard interchangeability. These

factories must be ready to manufacture army vehicles also. Of course, the wheel bases may be allowed to have only two, or at the most three sizes. Two types of engines may be allowed for the chassis. All the three diesel engine factories are to be allowed to produce only three types–small, medium and big. Except the chassis length and three sizes of the engine, all other parts must be inter-changeable.

The whole automobile system of India must be replaced with the new vehicles to be produced in these factories within a period of seven years. For various reasons, these factories should be located in different parts of the country.

We have before us an offer from a German firm to start a diesel factory here with half the capital and complete technical-skill. The Government need not worry about financing this project. If shares are allowed to be collected from the public, any amount of money can be raised. There may be several other foreign firms, too willing to come in for our help, but I think, some people may feel that a number of factories of this kind might ultimately put the industry to a loss. In such a case, even if two or three diesel factories begin working day

and night, it will take two to three years to supply our full demand. During this period, the money saved will be a considerable amount. Then, we can scrap one or two factories, if necessary. One factory could be exclusively used for the manufacture of the requirements of the Defence Department of the Government of India, if so desired. With these words, I again emphasize that the need of the hour is to manufacture diesel motor vehicles, in order to save our present industrial losses and to get taxation reduced, so that there may be, then, an incentive on the part of our people to develop industries all-round.

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